FLASH
Oracle HCM World 2016: All-In on the Cloud
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IN THIS FLASH
This IDC Flash discusses the Oracle HCM World 2016 conference. Oracle hosted an analyst briefing event in conjunction with Oracle HCM World held April 5, 2016, in Chicago. On hand to present product updates and discuss cloud momentum were Chris Leone, SVP Applications Development; Bertrand Dussert, VP HCM Transformation; Tony Kender, SVP Global HCM Cloud Sales; and Oracle CEO Mark Hurd.

SITUATION OVERVIEW
Much has been written and discussed on Workday's market momentum and domination in the battle for clients looking to go cloud for core human capital management (HCM) over the past few years. But when Workday entered the market, it faced few headwinds. Other than Ultimate Software, there were few other SaaS human resource (HR) system games in town. Turn the clock forward and the picture has changed a lot. Oracle has hit its stride with Oracle HCM Cloud (as has SAP SuccessFactors with Employee Central), and we're back to a more level playing field.

Cloud Momentum
In terms of momentum, Leone reports:

- Over 1,000 core HR cloud clients, with 600 live
- 2,000+ enterprise talent acquisition clients (aka Taleo), representing a doubling of the recruiting base since the acquisition of Taleo
- Around 100 HCM cloud go lives per quarter
- Over 2,000 ERP cloud clients
- Live in over 190 countries

Of particular note is the 2,000+ ERP clients, twice that of HCM. In his remarks to the analyst audience, Hurd indicated the possibility of reaching 2,500 Financial Cloud customers this quarter. Hurd asserts that ERP and finance are going gangbusters and that they are pulling HR rather than the other way around. Leone shared that 30% of ERP deals are including HR. This is interesting and in stark contrast to the competition, which continue to lead with HR. Hurd believes that when the CFO sees the benefits of cloud in accounting, other areas such as HR become an easier sell.

What we don't know is how big the Oracle cloud clients are in total. Much focus is being placed on the midmarket by Oracle sales. Generally midmarket firms are more agile and an overall easier sale and ramp-up. CEO Mark Hurd cited that Oracle has grown its midmarket resources by four to five times in the past few years. So comparing the number of clients across the competition is not necessarily all
that meaningful. A fairer measure would be the number of client employees, but this is a figure that is
difficult to ascertain.

Product Updates

Oracle has been very prolific on the new product feature front, with 500+ new features and 100+
country localizations with Release 11. Leone states that Oracle HCM Cloud has the greatest product
breadth across the competition and that except for recruiting (Taleo), all are organic on the same
platform. Highlights of new products and features include:

- Redesigned user experience
- HR help desk capabilities (HR Help Desk)
- More timekeeping features
- Incentive/sales compensation
- Smart navigation that enables users to do anything from anywhere
- New Work Life Applications that tracks volunteer work (MyVolunteering)
- Many new learning features in Oracle Learning Cloud
- Enhanced vertical industry support
- Workforce planning

Specific to learning, the product goes well beyond the social aspects that were the focus of early
releases. The offering now supports all types of content, learning modalities, certification tracking, and
record keeping while still sustaining the social approach.

While Leone’s case for product breadth is a good message, not all offerings have widespread adoption
(e.g., IDC estimates there are 45 clients live on timekeeping). And the much touted Work Life
Applications, IDC estimates it to have roughly 75 live clients.

Messaging Oracle HCM Cloud

The key messages that Oracle is taking to market to compete resonate well. Kender enumerated them
as:

- The completeness of the suite, underscoring the point made by Leone
- A user experience that offers easy navigation and access to anything from anywhere
- Global reach with presence in 190+ countries
- Extensibility and personalization
- A PaaS platform that allows clients (and partners) ease in building fully integrated extended
feature sets
- Cloud security
- Vendor financial stability
- Total cost of ownership

It is interesting to note that Oracle sales has walked back from messaging a hybrid approach. In the
past, Oracle frequently cited the ability to ease onto the cloud platform while retaining some on-
premise functions as a migration strategy for existing PeopleSoft, JDE, and EBS clients. While
hybridization is still quite acceptable, Oracle has opted to go full on with the message of all-in on cloud.
FUTURE OUTLOOK

Oracle's cloud momentum is admirable. Oracle is winning its fair share of deals in the midmarket as well as higher upmarket in the enterprise. The Oracle HCM Cloud product set is feature rich and highly competitive. But the competition continues to build out their own products, and Workday, in particular, does well by staking the claim of first to cloud. The next few years will prove very interesting to watch in the HCM market. Recent IDC research indicates that over 40% of HR executives are considering a change in the core HR system provider in the next 12-18 months. The latter represents the potential for unprecedented growth. This level of growth may prove to raise all boats, Oracle's among them.
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